

Message Text

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ORIGIN EA-14

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FM SECSTATE WASHDC
TO AMEMBASSY SAIGON
INFO ALEAP

AMCONSUL BIEN HOA
AMCONSUL CAN THO
AMCONSUL DANANG
AMCONSUL HONG KONG
AMCONSUL NHA TRANG
USDEL JEC PARIS
USSAGE NAKHON PHANOM
CINCPAC HONOLULU
COGARD
TREASURY
XMT AMEMBASSY SUVA
AMEMBASSY RANGOON

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COGARD FOR POLAD

C O R R E C T E D C O P Y (PARA 2 LINE 10 OMMITTED WORDS)

E.O. 11652: N/AAGS: PFOR, XC, US
SUBJECT: MAY 22 EA PRESS SUMMARY

INDOCHINA
UNCLASSIFIED

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1. FINNEY (NYT) QUOTES SCHLESINGER CHIDING CONGRESS
AT BREAKFAST GATHERING OF REPORTERS, AND SAYING
DOD BUDGET DIFFICULTIES ON HILL COMPOUNDED BY WATERGATE.
AS EXAMPLE HE CITES HOUSE REFUSAL LAST MONTH TO RAISE

SVN MIL AID CEILING, GUESSES THAT "IN A DIFFERENT CLIMATE" IT WOULD HAVE PASSED. FINNEY COMMENTS THAT ADMIN OFFICIALS EXPECT CLOSE HOUSE VOTE ON PROPOSALS TO CUT MIL AID TO SVN, REPORTS SECDEF OPINION THAT REDUCING COMING FY CEILING FROM REQUESTED 1.6 BILLION DOLLARS TO 900 MILLION WOULD FORCE A DECLINING EQUIPMENT AND FORCE STRUCTURE ON SVN. MCCARTHY (PHINQ) ADDS THAT SECDEF SEES ANTICIPATED FLOOR FIGHT TO REDUCE SVN MIL AID CEILING AS INVOLVING "TRIVIAL" SUMS FOR US AND CONSTITUTING "NIGGLING."

2. CORDDRY (SUN) QUOTES SECDEF THAT CONGRESS HAS BEEN "PETTY" ABOUT VN, AND SVN DESERVES SOMETHING BETTER THAN "RETROACTIVE PUNISHMENT" FOR OUR GETTING INVOLVED. SCHLESINGER OPINES WE HAVE COME LONG WAY FROM "KENNEDY INAUGURAL (WHEN PRES. SAID THAT WE WOULD BEAR

ANY BURDEN FOR FREEDOM) TO THE KENNEDY AMENDMENT," SAYS NVN HAS CONTINUOUSLY VIOLATED C-F WITH MASSIVE BUILDUP. IN REPLY TO QUESTION, SECDEF SAYS HE WOULD NOT DESCRIBE INDOCHINA AS AREA WHERE OUR NATIONAL INTERESTS ARE HIGH, BUT THAT WE HAVE UNDERTAKEN "IMPLICIT COMMITMENT" TO CONTINUE TO SUPPORT SVN.

3. GETLER (WP) SEES CONGRESS HEADED TO CUT MIL AID TO SVN. QUOTES CRITICS OF DOD THAT GVN TROOPS WASTE VAST AMOUNTS OF AMMO AND SUPPLIES, AND THAT AID INCREASE WOULD TELL THIEU TO CONTINUE SEEKING MIL RATHER THAN POLITICAL SOLUTION. SECDEF AGREES THAT REAL ISSUE IS "SIGNALS" WE GIVE TO BOTH SIDES BUT WARNS THAT CUTS WOULD LEAD TO "DANGEROUS INTERPRETATIONS" BY THEM. POINTS OUT THAT ARVN IS ON STRICT RATIONING AND REPORTS OF WASTE ARE "NOT BASED ON OBSERVATION." GETLER QUOTES PRIVATE CONCESSIONS BY "SOME CONGRESSIONAL CRITICS" THAT "IMPLICIT COMMITMENT" WILL PROVIDE UNCLASSIFIED

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CONGRESS WITH DILEMMA OVER POSSIBLE RESULTS OF AID CUTS.

4. CSM'S SCHMIDT REPORTS SECDEF TOOK EVERY OPPORTUNITY TO APPEAL TO US SENSE OF MORAL OBLIGATION TO SAVE AS MUCH AS POSSIBLE OF ADMIN REQUEST FOR MIL AID TO GVN. QUOTES SCHLESINGER THAT "DOMINO THEORY" STILL APPLIES TO SEA; HE ALSO WARNS THAT CONGRESSIONAL MOVES TO WITHDRAW 100,000 US TROOPS FROM OVERSEAS WOULD "EMASCULATE" PRESENCE IN EA, WHERE SUBSTANTIAL WITHDRAWALS ALREADY BEING MADE FROM THAILAND AND FORMOSA.

5. MARKHAM (NYT) IN SAIGON WRITES OF SERIOUS PROBLEMS AFFECTING ICCS. INDONESIA HAS THREATENED PULLOUT

AND YESTERDAY IRAN, ANGERED BY HANOI ATTACK CHARGING HER WITH PARTISANSHIP, SAID SHE WILL RECONSIDER MEMBERSHIP. HUNGARIAN AND POLISH DELEGATIONS PROTEST ATTACKS BY GVN SPOKESMAN WHO RECENTLY INVITED THEM TO TAKE "NEXT PLANE" HOME. ICCS IS DEEPLY IN DEBT AND KEPT AFLOAT BY US "INFUSIONS OF DOLLARS". ATMOSPHERE OF DISILLUSION PREVAILS AND WESTERN DIPLOMAT SEES EVERYTHING FALLING APART, C-F HAVING BECOME "COMPLETELY ILLUSORY." MARKHAM REVIEWS TROUBLED HISTORY OF ICCS, CREDITS IRANIANS' ENERGY AND RELATIVE DISPASSION WITH KEEPING IT FROM BECOMING MORE STALEMATED, CALLS POW EXCHANGE COMMISSION'S "FINEST HOUR." BELIEVES STONING OF ICCS AT CAI LAY AFTER UNANIMOUS DECISION TO INVESTIGATE SHELLING OF SCHOOL, SUSPENSION OF POLITICAL TALKS BY BOTH SIDES, AND CONTINUED

SHREDDING" OF C-F HAVE PROMPTED ALL DELEGATIONS TO RE-EXAMINE THEIR ROLES. QUOTES INDO AMBASSADOR THAT HIS DELEGATION DOES NOT WANT TO BE ASSOCIATED "WITH ANY FAILURE" OF ICCS.

6. KIRK (CHITRIB) FROM BEN CAT CONTRASTS SCENE WITH PREVIOUS VISIT WHEN ENEMY WAS FAR AWAY. NOW TOWN ABANDONED EXCEPT BY SOLDIERS, AND SHELLS KEEP COMING IN. TOWN NOW IS FRONT-LINE OF SAIGON'S OUTER DEFENSES, ENEMY TANKS MOVE IN AREA AND VNAF PLANES POUND CAPTURED OUTPOST. ASSISTANT DISTRICT UNCLASSIFIED

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CHIEF SAYS THAT SITUATION WILL LAST "FOR A LONG TIME," AND THAT C-F DOES NOT EXIST BECAUSE VC DOESN'T WANT ONE.

THAILAND

7. AP BANGKOK REPORTS SANYA GOVT. RESIGNED TUESDAY, EIGHT MONTHS AFTER IT WAS SWEEPED INTO POWER ON CREST OF STUDENT REBELLION AGAINST MILITARY DICTATORSHIP (CSM, SUN, PHINQ, NYDN, CHITRIB, NYT, WP, NYPOST; S-N 5/21). RELIABLE OBSERVERS SAY RESIGNATION OF PREMIER AND 28-MEMBER CABINET IS NOT EXPECTED TO HAVE MAJOR IMMEDIATE IMPACT ON COUNTRY'S POLITICAL COURSE. SANYA SCHEDULED FOR NATIONWIDE TV TALK WEDNESDAY TO EXPLAIN, AND KING MAY ASK SANYA FORM NEW GOVT. AP SUGGESTS GOVT. APPARENTLY WAS VICTIM OF GROWING PRESSURE AND CRITICISM FROM VARIOUS THAI SOCIETY ELEMENTS, RECENT DISPUTE IN COUNTRY'S EDUCATIONAL ESTABLISHMENT AND POSSIBLY ITS OWN IDEALISM.

8. JAPAN
OHIRA CONFERRED WITH PRES. TUESDAY BEFORE JOINING

ACT. SECY. RUSH AT DOS FOR WORKING LUNCH (REUTER, NYPOST 5/21); AP SAYS FM OUTLINED AT DOS HOW JAPAN WOULD PROCEED ON PROJECT-BY-PROJECT BASIS IN DEVELOPMENT OF SIBERIAN RESOURCES, AND DESCRIBED PLANS FOR US-JAPAN COOPERATION IN ENERGY RESEARCH (PHINQ). FM "MADE IT CLEAR" PRES. WAS NON-COMMITTAL ON SIBERIAN PROJECT (SUN'S MILLS).

MILLS NOTES PRES. AND FM DID NOT ONCE MENTION PLANS FOR NIXON VISIT TO TOKYO, ONCE SCHEDULED FOR LATER THIS YEAR. REPORTS JAPANESE SOURCES SAY SILENCE ON SUBJECT VIRTUALLY ASSURES VISIT IS OFF, AT LEAST UNTIL NEXT YEAR; THEY ADD THAT TANAKA GOVT., ANXIOUS TO AVOID EMBARRASSMENT, NO LONGER DESIRES PLAY HOST TO PRES. UNLESS, AND UNTIL , HE IS CLEARED IN IMPEACHMENT PROCESS. HOWEVER, WH OFFICIALS WERE STILL INSISTING AFTER TUESDAY MEETING THAT NIXON WANTS AND UNCLASSIFIED

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EXPECTS VISIT TO JAPAN THIS YEAR AS PLANNED -- ALSO RETURN VISIT BY EMPEROR "ANY TIME HE WISHES TO COME." MILLS REPORTS SOURCES SAYING JAPANESE OFFICIALS WERE RELIEVED THAT PRES. DID NOT BROACH SUBJECT IN TALK WITH OHIRA , SINCE POLITENESS WOULD HAVE OBLIGED FM TO URGE THAT PRES. MAKE TRIP.

MILLS REPORTS OHIRA VISIT WAS FURTHER CLOUDED BY KISSINGER'S ABSENCE, FOR PLANNED MEETING WITH HIM WAS "PRIMARY REASON" FOR OHIRA'S WASHINGTON STOP DURING US VISIT. DAN MORGAN (WP) NOTES OHIRA EXPRESSED HIS "FULL UNDERSTANDING" ABOUT HAK'S ABSENCE, BUT "EXTRA DRAMATIC TENSION THAT ONLY A STAR CAN INJECT INTO SUCH COMPANY" WAS NOTICEABLY MISSING FROM US-JAPAN TALKS. OBSERVES THAT OHIRA'S "LOW-KEY VISIT" MARKED CHANGE FROM "RANCOROUS" JAPANESE-US MEETINGS OF EARLY NIXON ADMIN.

9. GOJ REMOVED SOME PRICE CONTROLS TUESDAY, AUTHORIZED INCREASE OF MORE THAN 50 PER CENT IN ELECTRICITY RATES AND EASED CREDIT TO AVERT POSSIBLE JUMP IN BANKRUPTCIES AMONG SMALL BUSINESSES (AP WP, NYPOST 5/21; UPI, NYT).

10. IN TOKYO, CSM'S POND FINDS JAPAN'S "ROARING, RUNAWAY EXCESS-DEMAND INFLATION" HAS FINALLY BEEN THROTTLED DOWN, ACCORDING JAPANESE ECONOMISTS; BUT LEFTOVER MOMENTUM IS STILL PUSHING PRICES UP. UPI TOKYO REPORTS JAPANESE AUTO INDUSTRY IN SERIOUS TROUBLE BECAUSE OF GALLOPING INFLATION AT HOME AND WORLDWIDE ENERGY CRISIS. ECONOMISTS SEE NO IMMEDIATE IMPROVEMENT; WITH NECESSITIES OF DAILY LIFE GOING UP, JAPANESE WAGE EARNERS DON'T HAVE ENOUGH MONEY TO BUY NEW CARS (JOC;

BALTO N-A 5/21). MAJOR JAPANESE OIL REFINING FIRMS BEGIN EXPRESSING WORRIES THAT BIG INTERNATIONAL OIL CORPORATIONS MAY NOT BE ABLE TO RENEW CRUDE OIL SUPPLY CONTRACTS WHEN THEY EXPIRE BECAUSE OF MOVES BY OIL-PRODUCING COUNTRIES TO NATIONALIZE FOREIGN OIL CONCERNS (JOC).

11. IN LETTER TO MOTOROLA, JUSTICE DEPT. PRAISES FIRM'S UNCLASSIFIED

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"GOOD FAITH EFFORT" TO DATE TO DETERMINE IF ANY COMPANY IS INTERESTED IN CONTINUING ITS TV BUSINESS; ADDS THAT DEPT. NOW TAKES NO POSITION ON WHETHER IT WILL ULTIMATELY BE SATISFIED THAT PROPOSED SALE TO MATSUSHITA IS ONLY MEANS OF RETAINING MOTOROLA'S TV BUSINESS AS VIABLE COMPETITOR. MOTOROLA INSISTS ITS AGREEMENT WITH MATSUSHITA "REMAINS SCHEDULED" FOR MAY 28 (AP, SUN; NYT, WP). WSJ'S REPORTER INTERPRETS JUSTICE LETTER AS MEANING DEPT. HAS ALL BUT GIVEN UP ATTEMPTING TO HALT MOTOROLA-MATSUSHITA DEAL.

12. CULLISON (JOC), IN TOKYO, REPORTS GAIMUSHO IS ENGAGED IN SERIES OF DISCUSSIONS WITH MITI IN ATTEMPT TO CLOSE SERIOUS LOOPHOLES THAT APPARENTLY ARE ALLOWING LOCAL IMPORTERS SECRETLY TO PURCHASE THOUSANDS OF TONS OF RHODESIAN CHROME ORE EACH YEAR. SUBJECT "EXTREMELY SENSITIVE" TO TOKYO, CONCERNED ABOUT EMBARRASSMENT IN ITS TRADING OPERATIONS WITH BLACK AFRICA. BUT IN DISCUSSING ISSUE WITH PRIVATE JAPANESE BUSINESS LEADERS, JOC WAS INFORMED "WITH CONSIDERABLE BITTERNESS" THAT OTHER LARGE INDUSTRIAL COUNTRIES ARE SIMILARLY ENGAGED IN IMPORTING RHODESIAN CHROME; "QUESTION WAS FREQUENTLY ASKED WHY JAPAN SHOULD BE TROUBLED BY THE PROBLEM."

13. ALASKA GOV. EGAN BLAMES JAPANESE FOR "TOTAL DESTRUCTION" OF BRISTOL BAY RED SALMON FISHERY, AND URGED PRES. DECLARE REGION ECONOMIC DISASTER AREA TO QUALIFY IT FOR GOVT. FUNDS. IN LETTER TO HAK, EGAN

SAYS GOJ, AFTER YEARS OF NEGOTIATIONS, "HAS REFUSED TO ADOPT NECESSARY CONSERVATION OF AN AMERICAN FISHERY RESOURCE" (JOC'S BARNETT).

14. TWO WHALE CONSERVATIONISTS, IN JAPAN ON CAMPAIGN TO GAIN GOJ'S SUPPORT OF INTERNATIONAL WHALING COMMISSION RESOLUTION BANNING WHALING FOR 10 YEARS, TELL NEWS CONFERENCE GOJ MIGHT RISK MAJOR BOYCOTT OF ITS GOODS ABROAD AND WITHHOLDING OF FOODSTUFFS FOR IMPORT IF IT DOES NOT CEASE ITS COMMERCIAL WHALING OPERATIONS. GROWING NUMBER OF US ENVIRONMENTAL GROUPS UNCLASSIFIED

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HAVE CALLED FOR BOYCOTTS OF JAPANESE AND SOVIET PRODUCTS BECAUSE OF THEIR REFUSAL TO ABIDE BY WHALING QUOTAS (UPI, JOC).

CHINA

15. USDA DEPUTY ASSISTANT SEC. BELL INDICATES US WHEAT TAINTED BY MICROSCOPIC PLANT DISEASE SPORES WAS SHIPPED TO PRC LAST YEAR BECAUSE NO ONE IN USDA KNEW HOW STRICT CHINA'S SANITARY REQUIREMENTS WERE FOR IMPORTED GRAIN. SAYS US DELEGATION NOW IN PEKING EXPECTED HOME NEXT WEEKEND TO REPORT ON HOW SUCH SHIPMENTS CAN BE AVOIDED IN FUTURE (AP, PHINQ).

16. PAUL STRAUSS, IN HK, HOLDS THAT UNLESS US EXPERTS IN CHINA STUDYING RUST-CONTAMINATED US GRAIN SHIPMENTS FIND WAY TO SOLVE PROBLEM, "CHINA WILL TEAR UP WHEAT CONTRACTS WORTH HUNDREDS OF MILLIONS OF DOLLARS." NOTES THAT FIRST QUARTER FIGURES SHOW PRC'S INTERNATIONAL TRADE IS CONTINUING TO EXPAND RAPIDLY DESPITE CURRENT STRUGGLE-CRITICISM CAMPAIGN. SAYS ACCORDING FIGURES RELEASED BY US CONSULATE, IN FIRST THREE MONTHS OF THIS YEAR US EXPORTS TO CHINA AMOUNTED TO \$343.5 MILLION AND IMPORTS WERE \$20 MILLION. ACCORDING THESE FIGURES, US HAS NOSED INTO SECOND POSITION AMONG PRC'S TRADING PARTNERS. JAPAN REMAINED BY FAR PRC'S LEADING TRADE PARTNER, WITH EXPORTS TO PRC FOR FIRST FOUR MONTHS OF YEAR \$421.2 MILLION AND IMPORTS \$386.8 MILLION.

STRAUSS SAYS LATEST CANTON FAIR SESSION WAS DISAPPOINTMENT TO MANY EXPERIENCED TRADERS, AND THERE ARE SOME WHO SPECULATE THAT OVERALL TURNOVER FAILED TO RISE DESPITE INFLATED PRICES. IF TRUE, THIS WOULD INDICATE DECLINE IN FOREIGN PURCHASES. NOTES SEVERAL RELIABLE AND EXPERIENCED BUSINESSMEN HAVE ALREADY

ESTIMATED DECLINE IN SALES TO CHINA AT FAIR WAS IN REGION OF 20 PER CENT.

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17. SUN'S ED WU, IN HK, SAYS MALAYSIA'S DECISION TO ESTABLISH DIPLOMATIC RELATIONS WITH PRC REFLECTS CHANGING POLITICAL CLIMATE AMONG ASEAN MEMBERS, WHO STILL HAVE NO FORMAL TIES WITH PEKING. WITH GOM TAKING LEAD, ASSOCIATION'S OTHER FOUR MEMBERS ARE CERTAIN TO FOLLOW SUIT IN VARYING DEGREE AND PACE. THEY

COMPARED NOTES DURING RECENT FM CONFERENCE IN JAKARTA, AND AGREED THAT NORMALIZATION OF RELATIONS WITH PEKING IS INEVITABLE. "SIGNIFICANT" THAT MALAYSIA, ORIGINAL ADVOCATE OF SEA NEUTRALIZATION -- WITH CHINESE, US AND SOVIET GUARANTEES -- WAS FIRST IN ASEAN TO RECOGNIZE PRC, WHICH HAS BEEN SUPPORTING "NATIONAL LIBERATION" MOVEMENTS IN THESE COUNTRIES. SAYS CHOU-RAZAK AGREEMENT WILL HAVE FAR-REACHING IMPACT IN POST-VN SEA. IT WILL SPELL BEGINNING OF END OF GRC'S POLITICAL AND DIPLOMATIC PRESENCE IN SEA, EXCEPT FOR SVN AND SK, AND WILL ENHANCE PRC'S POSTURE TO COUNTER EXPANDING SOVIET INFLUENCE. CONCLUDES THAT IN POST-VN CONTEXT, "IT IS MORE THAN PUBLIC RELATIONS" FOR PEKING TO NORMALIZE RELATIONS WITH "THIS RICH BLOCK" OF SEA COUNTRIES.

COMMENT AND ANALYSIS

LAOS

18.S-N'S ARBUCKLE (MAY 21) IN VIENTIANE CITES WELL-INFORMED SOURCES SEEING LINK BETWEEN ESTABLISHMENT OF PGNU AND INCREASING NVN MIL PRESSURE IN SVN. LAO OFFICIALS SAY SITUATION IS SIMILAR TO THAT IN 1962 AND 1963 WHEN LAO COALITION THEN WAS FORERUNNER OF INCREASED COMMUNIST MIL PRESSURE ON SVN. IN 1960-62 HANOI CAPTURED AND SECURED EASTERN HALF OF LAO PANHANDLE TO FORM HO TRAIL. ONCE THESE AREAS FIRMLY IN COMMUNIST HANDS HANOI SIGNED 1962 LAO PEACE ACCORDS FORMING COALITION AND MAKING LAOS A LEGAL SANCTUARY FOR SUPPORT BASES TO MOUNT ATTACKS ON VN, AND FREEING ITS TROOPS TO ATTACK THE SOUTH. NVN LOST MUCH OF THE ADVANTAGE GAINED FROM FIRST LAO COAL. CIA MOVED IN TO INITIATE WHAT WAS PROBABLY ONE OF THE MOST SUCCESSFUL OPERATIONS OF INDOCHINA WAR. UNCLASSIFIED

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CIA TIED UP MORE THAN THREE DIVISIONS IN LAOS -A THEATRE HANOI DID NOT WANT TO FIGHT IN; CIA OPERATIONS AT ONE POINT WERE RIGHT ON LAOS-VN BORDER, TWO MINUTES JET FLYING TIME FROM HANOI. US OFFICIAL SAID, "OUR OBJECTIVE WAS TO SUCK THE NORTH VIETNAMESE IN HERE AND WE DID IT."

19. -US OPERATION NOW BEING WOUND UP WITH ALL BUT HANDFUL OF OPERATIVES GONE AND EVERY VESTIGE SLATED TO BE OUT OF LAOS BEFORE JUNE 3. BUT N VIETS ARE OBVIOUSLY STAYING. ONE DIPLOMAT SAYS, THE AMERICANS ARE GETTING OUT AND ARE FORBIDDEN TO RETURN BY POLITICAL SANCTIONS GIVING HANOI A FREE HAND TO CONCENTRATE ON SOUTH VIETNAM AND ASSURED SANCTUARIES IN LAOS." ONE SOURCE SAYS, "THE FORMATION OF THE LAOS COALITION

AND PUBLIC WILLINGNESS ON THE PART OF COMMUNISTS
TO KEEP IT WORKING AFTER A FASHION IS AN IMPORTANT
KNOT TYING UP THE POLITICAL PACKAGE HANOI NEEDS BEFORE
IT GOES AFTER SOUTH VIETNAM AGAIN."

VIETNAM

2.. MCCOMBS (WP) WINDS UP HIS FOUR PART TRAVELOGUE
WITH DESCRIPTION OF THE "EERIE" NIGHT JOURNEY THROUGH
THE LINES ESCORTED BY HIGHLY SKILLED VC NIGHT PROWLERS
ARMED WITH US M-16S. MCCOMBS RECOUNTS SOME PARALLELS
BETWEEN HIS "HOSTS" AND AMERICANS; HE WAS TOLD, FOR
EXAMPLE, THAT HO CHI-MINH'S 1945 DECLARATION OF

INDEPENDENCE DREW PHRASES DIRECTLY FROM US DECLARATION.
STORIES OF "REVOLUTIONARY HEROISM" AS A "COLLECTIVE
SPIRIT" PHENOMENON STRUCK MCCOMBS AS LITTLE DIFFERENT
FROM STORIES OF INDIVIDUAL HEROIC DEEDS BY US SOLDIERS
ON BEHALF OF COMRADES. ASKED TO EXPLAIN HOW US BECAME
INVOLVED IN VN, HIS RESPONSE ELICITED YOUNG VILLAGE
CHAIRMAN'S COMMENT, "OUR STANDPOINTS AREN'T THE SAME
I GUESS," ADDING, "IN TERMS OF HUMAN SPIRIT THERE
SEEM TO BE MANY SIMILARITIES" BETWEEN VIETS AND AMERICANS,
"BUT FROM OUR POINT OF VIEW, OUR WAR AGAINST THE
AMERICANS FROM 1965 WAS THE LARGEST WAR AGAINST AGGRESSION
IN OUR HISTORY."
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CHINA

21. SUN ALLUDES TO PRC POWER STRUGGLE, NOTING CHOU'S
ABSENCE FROM ARRIVAL CEREMONIES FOR RECENT STATE
VISITORS. ACCEPTS AT FACE VALUE HIS PUBLIC REMARKS
ATTRIBUTING HIS ABSENCE TO FATIGUE OF AGE, COMMENTING
THAT THERE IS NO SOLID BASIS FOR THINKING THAT CHOU
IS DOING ANYTHING MORE THAN PRUDENTLY SHEDDING CEREMONIAL
FUNCTIONS SO HE CAN CONCENTRATE HIS REMAINING STRENGTH
ON MATTERS OF HIGH POLICY. SEES IN USE OF VICE PREMIERS
TENG HSIAO-PING AND LI HSIEN-NIEN, BOTH CLOSE TO
AND SUBBING FOR CHOU IN RECENT FUNCTIONS FOR VISITORS,
A PROCESS OF SLOW, DELIBERATE PREPARATION FOR CHANGING
OF THE GUARD. SOONER RATHER THAN LATER, LONG MARCH
GENERATION IS GOING TO GIVE WAY TO YOUNGER LEADERS.
IT SHOULD BE WISH OF ALL NATIONS SEEKING CERTAIN
STABILITY IN WORLD AFFAIRS THAT MAO-CHOU LEGACY WILL
BE A CHINA CONSTRUCTIVELY FACING ENORMOUS ECON PROBLEMS
INSTEAD OF FLAILING ABOUT IN IDEOLOGICAL FRENZY.

22. HEARST'S WALLACH (BALTO N-A MAY 21) SEES DECLINE
IN US-CHINA TRADE. PROBLEM IS THAT US IMPORTERS
ARE OVERSTOCKED AS RESULT OF RUSH TO CASH IN ON LUCRATIVE
CHINESE MARKET WHEN TRADE BARRIER LIFTED TWO YEARS AGO.

AND ACCORDING DOS OFFICIALS, "MANY US BUSINESSMEN RETURNED EMPTY-HANDED" FOR FIRST TIME LAST WEEK FROM CANTON FAIR. US "POLICY MAKER" SAID "SUDDENLY THE US MARKET DOESN'T LOOM SO LARGE FOR CHINA." HE ATTRIBUTED DECLINE ALSO TO CHINESE "LACK OF AN UNDERSTANDING OF THE WAYS OF CAPITALIST MARKET PENETRATION. THE CHINESE ARE GOING TO HAVE TO DO MORE IF THEY WANT TO BUILD UP THEIR EXPORT MARKET, PARTICULARLY TO IMPROVE THEIR STEADINESS OF SUPPLY." COMMERCE OFFICIALS PREDICT "CONSIDERABLE SHORTFALL" IN CHINESE EXPORTS IF TRENDS CONTINUE, EXPLAINING INSTEAD OF PROJECTED 100 MILLION

SALES THIS YEAR, TOTAL COULD REACH LESS THAN 75 MILLION.

23. COMMERCE OFFICIALS ALSO LOWERING PREVIOUS ESTIMATES OF US EXPORTS TO CHINA. CHIEF PROBLEM IS THAT THOUSANDS UNCLASSIFIED

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OF TONS OF US WHEAT, WHICH MAKES UP LARGEST PERCENTAGE BY FAR OF SALES, HAS BEEN RETURNED BY CHINA BECAUSE OF WHEAT SMUT OR BLIGHT. SOURCES SAY THAT SMUT, COMMON ON US PRODUCT, HAS NOT PREVENTED WHEAT SALES TO OTHER COUNTRIES, INCLUDING USSR; THEY CONCEDE IF THESE SALES FALL THROUGH, US TRADE PROJECTIONS "ARE GOING TO BE SADLY OUT OF SHAPE."

JAPAN

24. CHITRIB'S DON KIRK (PHINQ) IN TOKYO REPORTS THAT GOJ EDUCATIONAL POLICY SPECIFICALLY PRECLUDES MORE THAN CURSORY GLANCE AT BACKGROUND, HISTORY AND LESSONS OF WWII. CITES US EDUCATOR THAT GOJ "IS DELIBERATELY ATTEMPTING TO OBLITERATE THE MEMORY OF THE WAR FROM THE CONSCIOUSNESS OF THE JAPANESE TO LET THE WAR DROP GRADUALLY FROM THE CURRICULUM IN THE SCHOOLS. THEY WOULD PREFER TO GLORIFY JAPAN'S TOTAL CIVILIZATION AND PRESENT THE WAR ONLY AS A MINOR UNFORTUNATE EPISODE ON THE ROAD TO GREATER GLORY." CRUSADING FOR YEARS AGAINST WHAT IT REGARDS AS THE DANGEROUSLY CHAUVINISTIC TONE OF SCHOOL CURRICULUM IS THE JSP-DOMINATED JAPAN TEACHERS' UNION. UNION OFFICIAL SAYS WHEN HE WAS PRIMARY SCHOOL TEACHER IN 1948, STUDENTS WERE TAUGHT THAT WWII WAS A MISTAKE THAT NEVER SHOULD HAPPEN AGAIN; IN 1958, STUDENTS WERE TAUGHT THAT PACIFIC WAR COULD NOT BE HELPED; IN 1970, TEXTS WERE REORGANIZED AND STUDENTS NOW TAUGHT THAT PACIFIC WAR WAS NATURAL "IN THE COURSE OF HISTORY." EDWIN CURRICULUM SPECIALIST EXPLAINS EVOLUTION OF EDUCATION ON WWII IN TERMS OF SHIFT FROM POSTWAR DEPRESSION TO UNDERSTANDING AND OPTIMISM ABOUT JAPAN'S PLACE IN WORLD. CRITICS OF EDUCATION POLICY ALSO VIEW APPROACH TOWARD WWII AS PART OF GREATER DESIGN FOR BUILDING UP IMAGE OF EMPEROR AND THE STATE AT THE EXPENSE OF BASIC UNDERSTANDING

OF HISTORICAL FORCES IN SOCIETY.

25.LDPDIET MEMBER AND NOVELISTSHINTARO ISHIHARA, RAISES QUESTION"DOES JAPAN...LACK THE MORAL PRINCIPLES REQUIRED OF A MODERN STATE?" HE ANSWERS IN THE NEGATIVE. SAYS "WE HAVE IN LITTLE MORE THAN A HUNDRED YEARS SUCCEEDED IN INDUSTRIALIZING OUR SOCIETY. BUT BECAUSE THAT GROWTH UNCLASSIFIED

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HAS BEEN ALL TOO RAPID, WE FIND THAT WE HAVE ACHIEVED IT WITHOUT GAINING A THING THAT IS THE INDEX BY WHICH A MODERN SOCIETY'S MATURITY CAN BE MEASURED: A PROPER CIVIC CONSCIOUSNESS AND RECOGNITION OF RESPONSIBILITIES, DUTIES AND RIGHTS - A CONSCIOUSNESS THAT SHOULD BE FORMED AS SOCIETY GROWS." DEVELOPS THESIS THAT HUNGER TO CATCH UP WITH, AND OVERTAKE, THE WEST STILL MOTIVATES JAPANESE THINKING; AND ANY MEANS WERE JUSTIFIED IF THEY IN SOME WAY SERVED TO SATISFY THAT HUNGER. THIS "INDUSTRIAL RATIONALISM" MENTALITY WAS AT TIMES INHUMAN AND IMMORAL. TO COMPENSATE FOR INHUMAN ENDURANCE AND SUBSERVIENCE THE JAPANESE IMPOSED ON THEMSELVES IN ORDER TO MAKE JAPAN, INC. WHAT IT IS TODAY, THE JAPANESE MADE THE WORLD'S LARGEST BATTLESHIP WHICH IN THE END WAS NO USE AT ALL, A SYMBOL OF THEIR NATIONAL IDENTITY. AFTER WWII, THAT MENTALITY REMAINED ESSENTIALLY UNCHANGED; SIZE OF GNP SUBSTITUTED FOR BATTLESHIP. MOTIVES FOR HASTY NORMALIZATION OF RELATIONS WITH CHINA AND ABANDONMENT OF TAIWAN WERE THE SAME. THERE WAS STRONG PRESSURE FROM BUSINESS WANTING NEW OVERSEAS MARKETS. WITH OIL CRISIS CAME THE ABOUT-FACE IN ME POLICY; LONG-STANDING RELATION WITH ISRAEL WAS SIMPLY FORGOTTEN. BY OBJECTIVE STANDARDS JAPAN HAS TO LARGE EXTENT SATISFIED HUNGER FOR MATERIAL ACHIEVEMENT, BUT OLD PRINCIPLES STILL SET TONE OF JAPANESE POLITICS AND FOREIGN POLICY. "WE MUST...FREE OURSELVES FROM BLIND DELUSIONS WE INHERITED ALONG WITH THE OLD HUNGER AND BEGIN TO SEARCH FOR MORAL PRINCIPLES..." (NYT OP-ED)

KOREA

26. CSM'S POND IN SEOUL REPORTS SOME WESTERN OBSERVERS WITH LONG EA EXPERIENCE SEEING PARK MAKING SAME MISTAKES AS SYNGMAN RHEE. THEY POINT TO IRONIES IN PARK'S PRESENT POSITION. PARK RECEIVED TRAINING FROM JAPANESE AND WAS OFFICER IN JAPANESE IMPERIAL ARMY - STILL HAS OLD JAPANESE MILITARY MENTALITY. BUT CONTEMPORARY JAPANESE HAVE LEFT THIS APPROACH SO FAR BEHIND THAT THEY NO LONGER UNDERSTAND PARK AND ARE BEWILDERED BY HIS REPEATED WILLINGNESS TO STRAIN KOREAN-JAPANESE RELATIONS JUST TO SUPPRESS DOMESTIC DISSENT. SECOND UNCLASSIFIED

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IRONY IS THAT PARK, WHO STANDS AS CHAMPION AGAINST COMMUNISM, WAS CONDEMNED TO DEATH IN 1948 FOR TAKING PART IN PRO-COMMUNIST OFFICERS' REVOLT. HE WAS SAVED BY INTERVENTION OF AMERICANS, WHO WERE TRYING DESPERATELY TO KEEP RHEE FROM KILLING OFF HIS OPPONENTS AND DRIVING MODERATE MIDDLE CLASS INTO ARMS OF COMMUNISTS. YET NOW PARK - WITH NO APPRECIATION OF HIS OWN REPRIEVE - "CALLS ANYONE WHO OPPOSES THE GOVERNMENT A COMMUNIST," INCLUDING CHRISTIANS WHO CONSIDER THEMSELVES TRUE DEFENDERS OF NATION AGAINST COMMUNISM. RECENTLY A NUMBER OF S KOREANS HAVE BEGUN

ASKING WHAT THE DIFFERENCE IS BETWEEN LEFT AND RIGHT TOTALITARIANISM. SOME HAVE EVEN BEGUN RECALLING THE 1948 OFFICERS' REVOLT AND ASKING - SOTTO VOCE - IF PARK REALLY IS IN LEAGUE WITH COMMUNISTS

THEM MOST. US OBSERVERS DISCOUNT LINKAGE BETWEEN PARK AND NK, BUT POINT OUT THAT SOME S KOREANS ARE BEGINNING TO ASK QUESTIONS ABOUT SUCH LINKAGE AND TO ASK AMERICANS WHAT GOOD IT DID THEM TO SAVE PARK'S LIFE 26 YEARS AGO. WESTERN OBSERVERS SEE ONE RAY OF HOPE FOR STABILITY ON THE PENINSULA (THOUGH NOT FOR DEMOCRACY IN SK). THEY SAY NK HAS REPEATEDLY CONDUCTED SUCH A BELLICOSE POLICY, THAT IT HAS ALWAYS BEEN SO BELLICOSE THAT IT HAS ENSURED THAT SOUTHERNERS WOULD HATE AND FEAR PYONGYANG MORE THAN THE SEOUL GOVT.

GENERAL

27. REGINALD NICOLAS IN COLOMBO REPORTS THAT ASIAN LEADERS ARE WARY OF USSR COLLECTIVE SECURITY PLAN FOR ASIA, SEEING ITS OBJECTIVE AS ONE OF SURROUNDING CHINA WITH FINE WEB OF SOVIET MILITARY PACTS. ASIANS BELIEVE THAT SUPPORT FOR SOVIET PROPOSAL WOULD CONTRADICT POLICY OF NONALIGNMENT TO WHICH SEVERAL SUBSCRIBE IN VARYING DEGREES. AT APRIL ECAFE MEETING MALIK TOLD COLOMBO PRESS THAT AN ASIAN COLLECTIVE SECURITY PACT SHOULD COME FROM ALL SUPERPOWERS AND NOT JUST ONE, STRESSING THAT IN HIS VIEW THE SOVIET PROPOSAL UNCLASSIFIED

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WAS CLEARLY A ONE-SIDED AFFAIR AIMED, IN THE GUISE OF SECURITY, AT PROMOTING POSITION OF ONE SUPERPOWER. PEKING HAS OPENLY OPPOSED THE PROPOSAL, DESPITE MOSCOW'S ASSERTION THAT CHINESE LEADERS THEMSELVES WERE IN FAVOR OF AN IDENTICAL PACT SOME 15 YEARS AGO. INDIA DOES NOT APPEAR PARTICULARLY ENTHUSIASTIC. BY AND LARGE, INDIAN INTELLECTUAL THINKING NOW IS

THAT INDIA, DESPITE ITS TREATY WITH USSR, SHOULD NOT BYPASS MAINSTREAM OF ASIAN THINKING, BUT RESPOND MORE MEANINGFULLY TO IT AND AVOID POINTS OF FRICTION WITH CHINA. PEKING SEIZED CRITICAL COMMENT FROM RIGHT-WING INDIAN JOURNALS WITH GREAT RELISH AND PUBLISHED A LENGTHY APPRECIATIVE REVIEW IN NCNA.

28. ASIAN AND WESTERN DIPLOMATIC SOURCES VIEW INDIA'S APPARENT RELUCTANCE TO BE DRAWN INTO PROPOSAL AS OVERTURE TO CHINA - AND THEY APPEAR HOPEFUL THAT

THIS MAY EVENTUATE IN COOPERATION AMONG US, CHINA AND INDIA. WHATEVER THE FATE OF SOVIET PROPOSAL, FACT IS THAT CHINA HAS MORE FRIENDS IN ASIA THAN USSR AND CAN LAY CLAIM TO SUPPORT OF SEVERAL COUNTRIES. BESIDES, IN POLITICAL TERMS, EVEN COUNTRIES NOT SUPPORTING PEKING'S FOREIGN POLICIES WOULD NOT WANT TO JEOPARDIZE PROGRESS TOWARD UNDERSTANDING WITH CHINA (CSM). RUSH

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